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For immediate release
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The New Medicare Part D and its Penalties

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MIMA) made a number of significant changes to the Medicare law. One part of the Medicare law is now providing beneficiaries with temporary assistance in the form of a Medicare-approved drug discount card. The discount card does not pay the cost of prescription drugs. The discount card may reduce the amount you pay for medications by 10% to 20%, depending upon the medication and the pharmacy that you use. The discount card program ends December 31, 2005. The typical annual fee for a temporary prescription drug card is now about \$30.

Medicare Part D (the permanent drug assistance program) begins January 1st, 2006. The monthly fee for the new Medicare Part D will be about \$35. You will have a choice of a number of Pharmacy Benefit Managers (PBM) to use as your Part D prescription drug provider. Each pharmacy Benefit Manager will determine their monthly cost for the Part D card they offer and will administer their prescription drug plan for the Part D participant. A participant can change their PBM only once a year, otherwise you are locked into the PBM you choose.

There is no penalty if you choose not to enroll in the temporary Medicare discount prescription drug card program currently offered. The temporary card will expire on 12/31/05.. **There will be a penalty for those who do not enroll in Medicare Part D by May 15, 2006. Enrollment in Medicare Part D begins November 15, 2005. You can begin to use the program on 1/1/06.** The penalty for late enrollees will be a 1% per month cumulative penalty. For example, if you choose to enroll 3 years after the May 15, 2006 date, your penalty will be 36% of the Part D premium charged by the PBM you select – 36 months x 1%. What this means to late enrollees with a \$35 a month premium is an additional \$12.60 per month in penalty charges. Or a total monthly cost of \$47.60. The penalty will be applied to your monthly fees for the rest of your life. Late enrollment into the Medicare Part D program can be very costly to late enrollees.

If you are a Medicare beneficiary and already have a prescription drug benefit under a health insurance policy, you will need to assess which plan may cost you the least. The current rule states that if you have a plan that is actuarially equivalent to (equal to or better than) a Medicare Part D plan, you can avoid incurring the 1% per month lifetime penalty while you have your current plan. The PBM can tell you if your current prescription drug plan is equal to or better than their PBM plan. If your current plan does not meet the equal to or better test you will need to decide if it is in your best interest to enroll into Medicare Part D by May 15, 2006 to avoid a penalty in the future. No one can make that decision for you.

If you have any questions about the new Medicare Part D Prescription Drug Benefit, contact the **Medicare Prescription Drug Helpline** at 1-866-456-8211.

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